

AB 32 – CALIFORNIA CLIMATE ACT OF 2006

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IN BRIEF

Global warming from human sources is predicted to have a potentially devastating impact on California's economy, environment, and public health if aggressive action is not taken in the near future to reduce greenhouse gas (GHG) emissions, primarily carbon dioxide. Previous legislation, AB 1493 (Pavley, Chapter 400, Statutes of 2002), mandates the reduction of greenhouse gases from cars and light-duty trucks. The main stationary sources of greenhouse gases in California come from the utility, oil and gas, and waste sectors as well as from other commercial sources.

AB 32 directs the California Environmental Protection Agency to implement regulations for a cap on stationary sources of GHG emissions. The bill requires that CAL/EPA develop regulations to reduce emissions with an enforcement mechanism to ensure the reductions are achieved, and to disclose how it arrives at the cap. It also includes conditions to ensure businesses and consumers are not unfairly impacted by reductions.

THE ISSUE

Consensus has emerged that climate change is a real threat to the future of the planet. The US Senate, a number of state Governors, the National Academy

of Sciences in 11 countries, and the vast majority of academic researchers have

stated that global warming due to atmospheric greenhouse gases is now occurring and will result in potentially catastrophic global changes if the rate of greenhouse gas emissions is not slowed to allow for adaptation.

Potential impacts to California from climate change include rising sea levels that could damage coastal communities and coastal wetlands, degradation in air quality resulting in an increase in respiratory illness, increased death from heat and insect-borne diseases, loss of Sierra snow pack and related water supply problems, and a dramatic increase in state energy needs, among other problems.

California, if compared against other countries in the world, is the tenth largest emitter of carbon dioxide pollution in the world. California's consumption of imported electricity is responsible for carbon dioxide pollution emitted from power plants in other parts of the Western U.S.

Addressing global warming carries substantial economic benefits. California is rich in renewable energy resources and advanced energy efficiency technologies that will create new jobs and provide a hedge against the economic impact of price spikes for natural gas and oil. A set of representative low-carbon policies analyzed for the West Coast Governors'

Global Warming Initiative estimates that the west coast region could save a cumulative total of almost \$40 billion by 2020 if these policies are adopted.

Climate change prevention strategies will have numerous public health and environmental benefits by reducing the pollutants that cause smog, soot, haze and toxic air pollution, and will also help ensure adequate water supplies, preserve farm and forest land uses, and reduce traffic congestion.

The State of California has taken a leadership role in recognizing the threat of climate change and enacting legislation and developing policies that address greenhouse gas emissions. Governor Schwarzenegger, working with the Governors of Oregon and Washington, has approved a series of recommendations for action to combat global warming. State agencies, in addition to implementing legislative direction like the California Air Resources Board's rules to limit GHG emissions from automobiles, have also passed regulations that address the causes of climate change.

EXISTING LAW

The California Legislature has instituted several laws to address GHG emissions from sources within the state, such as reducing GHG emissions from automobiles, increasing the amount of renewable energy delivered to California investor-owned utility (IOU) customers, improving building and appliance efficiency standards, and establishing a voluntary registry to develop standardized GHG emission reporting and certification protocols and house certified GHG emission data.

THE SOLUTION

AB 32 requires the California Environmental Protection Agency to work with state agencies to do the following:

- 1) Promulgate and implement a greenhouse gas emissions cap for the electric power, industrial and commercial sectors through regulations in an economically efficient manner;
- 2) Institute a schedule of greenhouse gas reductions;
- 3) Develop an enforcement mechanism for reducing GHGs;
- 4) Establish a program to track and report GHG emissions.

AB 32 requires that these regulations not create large windfall profits for private businesses, penalize industries or companies which have acted previously to reduce greenhouse gas emissions, result in disproportionate impacts to consumers or any geographic or socio-economic groups, and should ensure that entities are appropriately motivated to make investments that will reduce emissions.

AB 32 also requires that CAL/EPA report on how they arrive at the emissions cap, and provide biannual progress reports on achieving the cap.

FOR MORE INFORMATION

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